



Quod

R22 Local Plan

Matter 6: Viability and Policy Requirements

Hounslow Local Plan

St James Group Ltd

DECEMBER 2025

Matter 6: Viability and Policy Requirements

- 1.1 On behalf of St James Group Ltd ('St James'), Quod submits this hearing statement in respect of Matter 6: Viability and Policy Requirements. This hearing statement responds to Matters Issues and Questions (MIQs) (IN03) issued by the Inspector on 24th November 2025.
- 1.2 St James have entered into a partnership with Sainsbury's to bring forward the redevelopment of the Sainsbury's Chiswick store and car park, and are currently in pre-application discussions with the Council.
- 1.3 The Sainsbury's site represents the largest development site within Chiswick and is identified under emerging Site Allocation 107 to deliver a minimum of 300 homes and 5,300sqm of replacement retail floorspace.
- 1.4 Our client submitted representations at Regulation 18 ('R18') and 19 ('R19') stage and continues to be engaged at Regulation 22 stage (S1) (the 'Plan').
- 1.5 This hearing statement should be read in conjunction with the hearing statements submitted for Matters 1, 2, 3, 4, 7, and 8, the key points of which are summarised below:
- 1.6 The Plan is being prepared at an unprecedented time for London. The Government's¹ clear intention is to make rapid progress toward universal Local Plan coverage because they remain essential to facilitating the effective delivery of housing, jobs and infrastructure. However, to achieve this, the Government expects Inspectors to exercise a degree of flexibility to avoid seeing the adoption of poor-quality plans. We agree that flexibility is required here for the following reasons:
 - 1.6.1 The Plan is being heard against the previous Framework from 2023. It does not consider the Standard Method which proposes to increase housing from London Plan levels of 1,782dpa, to 2,052dpa to address affordability issues. Instead, the Council is proposing to reduce housing delivery over the plan period to an average 1,092dpa from 2030-2041. The Mayor has raised concern with this approach in the Statement of Common Ground between the Council and Mayor of London (EX5e), and we do not consider that this approach is positive.
 - 1.6.2 The Mayor of London and Government² are proposing emergency measures now to address *'the housing emergency, a national priority'*. The Government acknowledges *'That need is particularly acute in London. Housebuilding in the capital has faced significant challenges over recent years – including the impact of the Covid-19 pandemic, high interest rates, spiralling construction costs, regulatory blockers and wider economic conditions. As a result, more than a third of London boroughs recorded zero housebuilding starts in the first quarter of this year. The Government and the Mayor of London are determined to do what it takes to tackle London's housing crisis'*.

¹ The Minister of State for Housing and Planning, Matthew Pennycook MP letter to the Planning Inspectorate, 9th October 2025

² London Plan Guidance Support for Housebuilding and Emergency Housing Package, November 2025

This emergency is not recognised in the Plan, and the Whole Plan Viability Assessment (EBV1) (2024) is dated in this respect and does not demonstrate viability of the cumulative policies of the Plan, the threshold and promotes individual viability assessments at application stage to overcome this.

- 1.6.3 The borough has seen a sharp decline in its Housing Delivery Test results, dropping close to the 75% threshold. Only 668 homes were started in the borough in 2024/25, and 112 recorded to date (25/26). Once adopted the new London Plan housing figures will apply to the borough '*London has a stretching but realistic housebuilding target of 87,992 homes per year*'. These will supersede the Plan, and the remaining policies of the Plan will need to adapt to these new housing levels otherwise they will be out of date.
- 1.6.4 The Council is promoting the release of greenfield land to meet future development requirements. It proposes to de-designate Green Belt (38ha) and use existing open space for housing, industry and traveller accommodation. We do not consider that the Council has sufficiently optimised its accessible, brownfield town centre sites as part of this strategic decision. For example, throughout the preparation of the Plan, the indicative capacity of Site Allocation 107 (S1A) has been reduced by 20% from 390 to 300 homes with no justification provided within the Site Allocations and Capacity Assessment (EBSC2).
- 1.7 Therefore, crucial to the success of this Plan, is that it is prepared positively in a way that is aspirational but deliverable, contains clearly written and unambiguous policies, and avoids unnecessary duplication of policies (that appear in the Framework and London Plan)³. We consider that this can be achieved by the following:-
 - 1.7.1 Recognition that there is a housing emergency.
 - 1.7.2 Applying flexibility within policies to secure deliverability as the priority of the Plan. Policies which constrain delivery and viability should be revisited or revised.
 - 1.7.3 Awarding equal weight to the affordable housing threshold approach and the viability tested route and the level of affordable housing arising from either approach.
 - 1.7.4 Recognition that the Whole Plan Viability Assessment (EBV1) upon which policies of the Plan are based (1) does not demonstrate deliverability of the affordable threshold proposed for the majority of sites; (2) excludes abnormal costs which are incurred with the majority of brownfield site development; (3) advocates use of the viability tested route because of viability concerns; and (4) weight should be applied to viability assessments.
 - 1.7.5 Incorporate the wording accepted by the local plan inspectors for Tower Hamlets Local Plan Policy D.SG5 wording to ensure site allocation deliverability "*For site allocations,*

³ Framework, paragraph 16

the policies set out in this plan may be applied flexibly to ensure that the sites are viable and deliverable”.

- 1.7.6 At 276 pages, it is not clear that this Plan has not duplicated policies throughout. Policy CC2 ‘Urban Design and Architecture’ for example is four pages long, comprising 34 limbs and 11 sub-limbs and refers to four other plans and SPDs. Policy CC3 ‘Tall Buildings’ is three pages long, and has 15 limbs, and 17 sub-limbs. Policy CC4 heritage is four pages, with 31 limbs and 6 sub-limbs. Any major development assessed against these 3 policies alone will need to consider 80 limbs and 34 sub-limbs, 114 policy requirements in total, in addition to the design policies in the London Plan and Framework. This does not suggest compliance with the Framework.

Executive Summary of Matter 6

- 1.8 The Council’s Whole Plan Viability Assessment (EBV1) is neither proportionate nor up-to-date, contrary to the requirements of the PPG, having relied on outdated assumptions that do not reflect current construction, finance, regulatory or policy cost pressures.
- 1.9 EBV1 does not sufficiently account for cumulative or abnormal costs and therefore fails to demonstrate that the cumulative impact of policy requirements will not undermine the deliverability of the Plan.
- 1.10 The Plan seeks to apply affordable housing requirements rigidly, despite EBV1 confirming that there is no clear level of affordable housing that the majority of development typologies can viably deliver.
- 1.11 The Plan should incorporate explicit wording to ensure policies, including those attached to site allocations, much be applied flexibly so that sites remain viable and deliverable throughout the plan period.
- 1.12 Policy IMP3 should not defer the basis for calculating planning obligations to future SPDs, as this approach would not be subject to examination in public and is inconsistent with national policy and guidance.

Issue 1: Whether the Plan is positively prepared, justified, effective, consistent with national policy and in general conformity with the London Plan in relation to viability and policy requirements?

Q1: Is the Council's viability evidence proportionate and up-to-date having regard to relevant national policy and guidance, and has it taken full account of and influenced the policy requirements of the Plan?

- 1.13 The Whole Plan Viability Assessment (WPVA) (June 2024) (EBV1) represents the Council's evidence base on the deliverability of policy requirements over the plan period.
- 1.14 Planning Practice Guidance (PPG)⁴ is explicit that viability evidence must be proportionate, up-to-date and reflective of local market conditions. PPG suggests that the assessment of costs should be undertaken at plan-making stage and should include, as a minimum:
- build costs;
 - abnormal costs such as contamination, remediation, and costs associated with brownfield, phased or complex sites;
 - site-specific infrastructure costs;
 - the full cumulative cost of all relevant policy requirements (including affordable housing, building safety levy, infrastructure, CIL, biodiversity net gain and other contributions);
 - finance costs, contingency, legal and professional fees.
- 1.15 EBV1 was published in June 2024, and therefore a number of the inputs and assumptions adopted are out of date, and unrealistic particularly in respect of the cost of construction taking account of new regulatory requirements.
- 1.16 Moreover, EBV1 is now over 18 months old and does not reflect prevailing market conditions, which have deteriorated markedly since its preparation. There is little prospect of material improvement in the short to medium term due to structural changes affecting the fundamental economics of residential development across London.
- 1.17 Since publication of EBV1, there have been significant national and regional shifts directly affecting development viability. The Secretary of State has recently confirmed that high finance costs, regulatory constraints and construction inflation have created "*a perfect storm*"⁵, contributing to more than one-third of London boroughs recording zero housing starts in Q1 of this year. In response, the GLA and MHCLG have jointly brought forward the *Support for Housebuilding in London* measures, published for consultation in November 2025. These recognise the exceptional conditions currently confronting housebuilders and propose policy adjustments, including a reduction of the affordable housing threshold to 20% for qualifying schemes.
- 1.18 Although paragraph 1.5 of the WPVA (June 2024) acknowledges wider market volatility and cyclical conditions, the assessment does not demonstrate how more recent market evidence

⁴ PPG Paragraph: 014 Reference ID: 10-012-20240214

⁵ Housing Delivery WMS (23rd October 2025) (UIN HCWS991) by Steve Reed (Secretary of State for Housing, Communities and Local Government)

or updated assumptions have been incorporated to ensure an accurate assessment of deliverability across the plan period. Nor has the Council provided further clarification on how its Local Plan is underpinned by up-to-date viability evidence.

- 1.19 By contrast, the WPVA prepared for the London Borough of Camden (April 2025) incorporates a more current and realistic range of cost inputs, including adjustments for the upcoming Building Safety Levy Act 2022, due to take effect in 2026, as well as revised build costs reflecting recent inflationary pressures.
- 1.20 In light of the above, we consider that EBV1 is not consistent with the PPG by virtue of its not being proportionate, up-to-date or reflective of local market conditions⁶.
- 1.21 The PPG⁷ is clear that plans should not be set at the margins of viability, and viability evidence must inform and shape the policy requirements of the Local Plan, rather than be used to retrospectively justify policies once adopted. The viability evidence underpinning the Local Plan is effectively out of date at the point of examination, and even more so at the point of a future adoption.
- 1.22 If viability considerations are applied only after these policy expectations are fixed, this naturally risks the adoption of requirements that operate at the margins of viability.
- 1.23 St James is therefore concerned that, without sufficient flexibility in the drafting of Local Plan policies, the cumulative cost burden will undermine the deliverability of the plan and its core policy objective, to secure a sufficient supply of both market and affordable homes to meet local needs.

Q2: Are the identified development requirements and principles in the policies of the Plan, including affordable housing, the housing mix, on-site and off-site provision of services and facilities and financial contributions toward infrastructure – justified, effective, consistent with national policy and in general conformity with the London Plan?

- 1.24 The Framework⁸ suggests that viability must be assessed at the plan-making stage to ensure that emerging policies are realistic and based on proportionate evidence. The total cumulative cost of all relevant policies must not undermine the deliverability of the plan⁹. In this context, “*deliverability*” refers to achieving the plan’s key objectives, most importantly, the delivery of sufficient housing to meet objectively assessed needs.
- 1.25 EBV1 does not achieve this objective. At paragraph 1.7 it notes the following.

There are significant variations in the percentages of affordable housing that can be provided, depending on private sales values, scheme composition and benchmark land value. The results do not point to any particular level of affordable housing that most schemes can viably deliver and we therefore recommend that the emerging target is broadly deliverable over the plan period (recognising also that the policy incorporates the London Plan ‘fast track’ target of 35%), and applied on a ‘maximum viable proportion’ basis taking site-specific circumstances

⁶ PPG (Viability) (Paragraph: 014 Reference ID: 10-012-20240214)

⁷ PPG (Community Infrastructure Levy) (Paragraph: 020 Reference ID: 25-020-20190901)

⁸ NPPF Paragraph 59

⁹ PPG (Viability) (Paragraph: 002 Reference ID: 10-002-20190509)

into account. This reflects the Council's current practice and also the approach in the 2021 London Plan.

- 1.26 It does not therefore identify any particular level of affordable housing that the majority of typologies can viably accommodate. Instead, it concludes that the emerging policy framework is “*broadly deliverable*”¹⁰ only on the basis that schemes are able to pursue the viability-tested route rather than complying with a fixed requirement. As the WPVA has not taken into account abnormal costs (paragraph 4.39) these are extremely conservative conclusions.
- 1.27 We are concerned therefore that the statement set out at page 108 of the Plan is misleading and incorrect and should be deleted “*The Whole Plan Viability Assessment (2024) demonstrates that Policy SC2 together with the other policies in the Local Plan is financially viable.*”
- 1.28 It therefore follows that the drafting of relevant Local Plan policies should refer to the actual strategic conclusions of the WPVA to make clear and explain why flexibility is necessary, with explicit reference to financial viability considerations and the need to ensure that development remains deliverable over the plan period.
- 1.29 The EBV1 contends that setting a lower affordable housing requirement could result in fewer affordable homes overall, on the premise that some sites may otherwise have exceeded the baseline requirement.
- 1.30 However, no evidence is presented to substantiate this claim, particularly as the most recent AMR is 2021/22. The Council has not provided any analysis of historic delivery patterns, viability outcomes, or developer behaviour to support this assumption. In the absence of such evidence, the position advanced cannot be relied upon.
- 1.31 If policy requirements are applied rigidly, the need to reduce affordable housing as a consequence of cumulative policy burdens increases the risk of planning refusals by elected members, who may perceive a deviation from policy expectations or consider the planning benefits insufficient.
- 1.32 Increased refusals or reduced investor confidence would further depress both affordable and market housing delivery, a critical issue given the borough's unmet need for private housing and the wider linkages between private supply and affordability.
- 1.33 To mitigate this, policies should confirm substantial weight should be afforded to the delivery of all tenures (including private housing), at decision making stage, with additional weight applied to the delivery of any affordable housing with such weight enhanced where this exceeds an assessed viable level.

¹⁰ Paragraph 7.2 of EBV1

Q3: Are the policy requirements set at a level such that the cumulative cost of all relevant policies would not undermine deliverability of the Plan objectives?

- 1.34 EBV1 provide assessments of several typologies and strategic site allocations in relation to draft policies across Table 6.9.1-6.9.9, 6.32.1-6.35.2 and 6.37.1.
- 1.35 Despite this analysis, EBV1 does not conclude on the cumulative effects arising from the draft policies requirements, and instead these are presented in isolation.
- 1.36 The assessment of the full cumulative cost of all relevant policy requirements should be undertaken at plan-making stage, as stated by the PPG¹¹. Accordingly, the Council fails to demonstrate that their emerging policies are realistic, and that the total cumulative costs of all relevant policies will not undermine deliverability of the plan¹².
- 1.37 EBV1 must also be updated to provide evidence to demonstrate that they have effectively assessed the cumulative costs of all relevant policies. This has been provided by LB Camden at Table 5.11.1 of their WPVA (April 2025) which assesses affordable housing requirements and affordable tenures against the cumulative costs of other policy and regulatory requirements (as indicative by the final column of Table 5.11.1).

Table 5.11.1 Table of cumulative impact of costs tested

| | | | | | | |
|---|---|--|--|--|--|---|
| Base Build Costs and Access Part M4(2) & Building Safety Levy | Base Build Costs, Access Part M4(2), Building Safety Levy & S106, CIL, Build Regs 2022 & Staircases | Base Build Costs, Access Part M4(2), Building Safety Levy, S106, CIL, Build Regs 2022 & Staircases, Wchair Part M4(3) & BREEAM Excellent | Base Build Costs, Access Part M4(2), Building Safety Levy, S106, CIL, Build Regs 2022 & Staircases, Wchair Part M4(3), BREEAM Excellent & Biodiversity | Base Build Costs, Access Part M4(2), Building Safety Levy, S106, CIL, Build Regs 2022 & Staircases & Wchair Part M4(3), BREEAM Excellent, Biodiversity & Renewable offset Payments | Base Build Costs, Access Part M4(2), Building Safety Levy, S106, CIL, Build Regs 2022 & Staircases & Wchair Part M4(3), BREEAM Excellent, Biodiversity, Renewable offset Payments & Sustainability | Base Build Costs, Access Part M4(2), Building Safety Levy, S106, CIL, Build Regs 2022 & Staircases & Wchair Part M4(3), BREEAM Excellent, Biodiversity, Renewable offset Payments, Sustainability & Embodied Carbon |
|---|---|--|--|--|--|---|

Q4: Is there any clear evidence that the policy requirements of the Plan would affect the viability or deliverability of sites in strategic policies or the proposed allocation of sites as listed in Chapter 12 of the Plan or that any further changes are required to achieve soundness in those respects?

- 1.38 As identified in our representations at the Regulation 19 stage, EBV1 excludes exceptional (abnormal) costs such as remediation of sites in former industrial use and that are over and above standard build costs.
- 1.39 Given the brownfield nature of many of Hounslow's allocations, the exclusion of abnormal costs materially distorts viability outcomes and does not present a realistic picture of deliverability over the Plan period. Moreover, where the development context is consistently characterised by 'above-average' costs, excluding these allowances undermines the robustness of the evidence and risks under-reporting the true cost of site regeneration.

¹¹ PPG (Viability)(Paragraph: 014 Reference ID: 10-012-20240214)
¹² PPG (Viability)(Paragraph: 002 Reference ID: 10-002-20190509)

- 1.40 While we acknowledge that the PPG¹³ does not require the individual viability testing of every site allocation, it is clear that plan-makers must use appropriate site typologies to assess viability at the plan-making stage. The PPG further requires that particular consideration is given to the specific circumstances of strategic sites, including those that contribute a significant proportion of overall supply, unlock supporting development, or fall within priority regeneration areas.
- 1.41 In this context, we welcome the WPVA's approach of testing a number of specific allocations, including Site Allocation 107 (Sainsbury's, Chiswick), which is assessed under Typology 48.
- 1.42 However as set out in our Regulation 19 Representations, the WPVA is considered to have serious shortcomings in relation to Benchmark Land Value, build costs, building efficiency and exceptional costs.
- 1.43 Appendix 7 of EBV1 identifies Benchmark Land Values (BLVs) for the Sainsbury's Chiswick site of £16,634,111 (Secondary Office) and £14,469,465 (Secondary Retail).
- 1.44 These BLV figures have been derived through the application of a standardised secondary Office/Retail Existing Use Value (EUV) plus premium, as set out in Table 4.40.1 of the WPVA.

Table 4.40.1: Benchmark land values (£ millions per hectare)

| Use | EUV | Premium | BLV |
|------------|-------|---------|-------|
| Offices | £7.70 | £1.54 | £9.24 |
| Retail | £6.70 | £1.34 | £8.04 |
| Industrial | £5.59 | £5.59 | £6.71 |
| Open land | £3.98 | £3.98 | £4.78 |

- 1.45 As set out in our Regulation 19 representations, the use of generic and standardised secondary office / secondary retail values to calculate the EUV is not justified given the use of the site as a supermarket and significantly understates the actual value of the Sainsbury's Chiswick store.
- 1.46 The assumptions used to inform the viability testing for Site Allocation 107 are therefore unsound and should be revised to better reflect the value of the Sainsbury's store.
- 1.47 The GLA Affordable Housing and Viability SPG 2017 provides specific guidance on the premium at paragraph 3.46:

“Premiums above EUV should be justified, reflecting the circumstances of the site. For a site which does not meet the requirements of the landowner or creates ongoing liabilities/ costs, a lower or no premium would be expected compared with a site occupied by profit-making businesses that require relocation. The premium could be 10 per cent to 30 per cent, but this must reflect site specific circumstances and will vary”

¹³ PPG (Viability)(Paragraph: 003 Reference ID: 10-003-20180724)

- 1.48 The Sainsbury's Chiswick store is a profitable operating retail use in a central and premium location within the borough, which in absence of development would continue indefinitely. GLA guidance therefore points to the upper end of the premium range being appropriate.
- 1.49 In applying a more realistic BLV to Typology 48, this would demonstrate that the tested scheme is unlikely to support any level of affordable housing even when applying the upper sales value assumption of £9,241/sqm. This viability position would deteriorate further once the cumulative cost burden of the emerging policy requirements is accounted for.
- 1.50 This raises a clear concern that the EBV1's tested typologies do not provide a reliable indication of viability and are inconsistent with the PPG, which requires that the policy expectations for planned site types and development forms are deliverable without the need for further viability testing at the decision-making stage¹⁴.
- 1.51 The PPG is explicit that site-specific viability may be required for strategic sites to ensure that the Plan is deliverable and based on realistic assumptions. This omission prevents EBV1 from presenting a complete and realistic picture of development viability and raises concerns regarding the soundness of the Local Plan.
- 1.52 Notwithstanding these issues, there remains a clear need for significantly greater flexibility in how development viability considerations are applied. Without such flexibility, the policies of the Plan, if adopted in their current form, risk stalling development rather than facilitating it.
- 1.53 In response, the Local Plan should be updated to incorporate similar wording accepted by the Inspector during the examination of the Tower Hamlets Local Plan (2020) in relation to Tower Hamlet's Local Plan Policy D.SG5 on developer contributions, which states, *"For site allocations, the policies set out in this plan may be applied flexibly to ensure that the sites are viable and deliverable"*.
- 1.54 Adopting equivalent wording would also align with London Plan 2021 (LP2021) Policy DF1, which requires boroughs to consider circumstances where an applicant is required to provide significant infrastructure to unlock development, beyond what would normally be expected for the scale of the scheme, or where development values are exceptionally low¹⁵.
- 1.55 An accurate viability position can ultimately only be established at the planning application stage, to which St James reserve the right to submit further viability information to support any future application.

Q5: Is the approach of Policy IMP3 insofar as it seeks to support the implementation and monitoring of the Plan through the timely delivery of infrastructure; positively prepared, effective, justified and consistent with national policy and in general conformity with the London Plan 2021? Responses should address:

- a) Whether it is justified to seek to mitigate the impact of development through Section 106 agreements, where necessary and appropriate, but to defer the detail of how such planning

¹⁴ PPG (Viability)(Paragraph: 002 Reference ID: 10-002-20190509)

¹⁵ Supporting Paragraph 11.1.4 of LP2021 Policy DF1

obligations would be calculated to a supplementary planning document rather than including those details in the Plan?

1.56 The Framework¹⁶ and PPG¹⁷ are clear that planning obligations may only be sought where they are necessary to make the development acceptable in planning terms, directly related to the development, and fairly and reasonably related in scale and kind.

1.57 The Council's approach to deferring how planning obligations would be calculated via a forthcoming SPD is in direct conflict with PPG¹⁸ which clearly states:

"Policies for planning obligations should be set out in plans and examined in public. Policy requirements should be clear so that they can be accurately accounted for in the price paid for land..."

It is not appropriate for plan-makers to set out new formulaic approaches to planning obligations in supplementary planning documents or supporting evidence base documents, as these would not be subject to examination."

1.58 Deferring the basis upon which planning obligations will be calculated to a later supplementary planning document (SPD) is therefore not justified, and conflicts with national guidance.

1.59 Policy IMP3 as drafted does not provide the clarity required at plan-making stage and should be revised to ensure that the principles and basis for calculating planning obligations are contained within the Plan itself in order to be consistent with national policy and guidance.

¹⁶ NPPF Paragraph 58

¹⁷ PPG (Planning Obligations) (Paragraph 002 Reference ID: 23b-002-20190901)

¹⁸ PPG (Planning Obligations) (Paragraph 004 Reference ID: 23b-004-20190901)